

USES OF FUNDS

Project Name:

Cannon Beach RV Lot Option #1

Date:

7/25/2016

CAPITAL STACK	\$	%
Lender Funds	4,000,000	81%
Owner EQUITY	958,500	19%
TOTAL	4,958,500	100%

Loan sizing is presumed to be constrained by % of Total Cost and not DCR.

Number of Units:	24	Residential Summary:				
	Residential Unit Square Footage:	23,200	Total	Acquisition	Construction	Development
Parking (on site)		Total Costs	\$4,958,408	\$5,000	\$3,654,000	\$1,299,408
		Cost / Unit	\$206,600	\$208	\$152,250	\$54,142
		Cost / Sq Ft	\$213.72	\$0.22	\$157.50	\$56.01
Total SF reflected in Construction Budget	23,200	% of Total Costs	100.0%	0.1%	73.7%	26.2%

RESIDENTIAL

COSTS:

Total Costs

(A)
Original
Application

Cost per
Unit

Notes -- All costs presented in this proforma are high level estimates based on Consultant's general knowledge of costs within the multi-family housing industry.

Acquisition Costs

Purchase Price:				
Land (Lease with City of Cannon Beach)	\$0			- Assumes that City will lease land to developer/owner under a long term lease structure that will include provisions to protect status of workforce housing and possibly prioritize applicants based on community criteria/need -- such as employment within the City full time, first responder status (paid or volunteer) or other
Closing/Recording	\$2,500	\$2,500	\$104	
Other (list below):				
Legal	\$2,500	\$2,500	\$104	
Acquisition Costs Subtotal:	\$5,000	\$5,000	\$208	

Construction Costs

Off-site Work	\$0			- Presumes no off-site work will be required by City. Construction cost at \$150/sf (rough estimate), no prevailing wages required by loan or legal structure; 5% Owner's construction contingency. No Cost escalation or design contingencies included.
Construction	\$3,480,000	\$3,480,000	\$145,000	
Contingency	\$174,000	\$174,000	\$7,250	
Contractor Overhead	\$0	\$0		- Construction costs may be high or low on a SF basis depending on contractor selected, design and construction documents, amenities, inflation, and industry trends at the time of construction.
Sustainable Upgrades	\$0			
Design Estimating Contingency	\$0			
Cost Escalation Factor 5%	\$0			
Construction Costs Subtotal:	\$3,654,000	\$3,654,000	\$152,250	Construction costs do not include any increase to account for potential Regulatory Costs (related to public partners or other public/quasi-public entity participation).

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Development Costs

Land Use & Public Works Fees	\$0	\$0	-	Development costs presume that City will waive all fees to facilitate development of Workforce Housing in the City of Cannon Beach; in exchange the Developer/Owner will agree to Regulatory restrictions that will ensure the housing will be leased up in some manner (prioritizing full time employees, first responders, etc). and will market through local employers. All other costs are estimates based on typical costs for similar developments.
Building Permits, Intake Fees and SDCs	\$60,000	\$60,000	\$2,500	
Lender Market Study/Appraisal	\$6,500	\$6,500	\$271	
Environmental Report	\$3,500	\$3,500	\$146	
Soils Report (Geotechnical)	\$7,500	\$7,500	\$313	
Survey	\$7,500	\$7,500	\$313	
Marketing/Advertising/Lease Up	\$1,500	\$1,500	\$63	
Insurance (General Liability)	\$10,000	\$10,000	\$417	

General Fees

Architectural/Engineering	\$365,400	\$365,400	\$15,225	Architectural fees include engineering and are priced at 10% of construction costs. Developer Fee is set at 12% of costs. These are % estimates based on general trends.
Lender Architectural Review Fee	\$3,500	\$3,500	\$146	
Legal/Accounting	\$5,500	\$5,500	\$229	
Special Inspections/Testing	\$6,500	\$6,500	\$271	
Developer & Consulting Fees	\$438,480	\$438,480	\$18,270	

Loan Costs/Fees (will vary with loan product)

Lender Fees	\$7,500	\$7,500	\$313	Estimates only; would be finalized based on lender underwriting.
Lender Title Insurance	\$3,500	\$3,500	\$146	
Lender Legal Fees	\$5,000	\$5,000	\$208	
Loan Fees 1%	\$40,000	\$40,000	\$1,667	
Loan Closing Fees	\$4,500	\$4,500	\$188	
Property Taxes (Constr Period)	\$10,080	\$10,080	\$420	

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Interest and Other Fees

Construction Period	\$54,810	\$54,810	\$2,284
Predevelopment Loan Interest	\$80,000	\$80,000	\$3,333

Development Contingency

Development Contingency	\$24,000	\$24,000	\$1,000	Presumes a 3% Soft Cost Development Contingency
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Reserves/Cash Accounts

Operating Reserve (3 months exp + debt)	\$84,318	\$84,318	\$3,513	Reserves would be established based on lender underwriting.
Deposit to Replacement Reserves	\$12,500	\$12,500	\$521	
Lease up Reserve	\$49,320	\$49,320	\$2,055	

Development Costs Subtotal:	\$1,299,408	\$1,299,408	\$54,142	Development Costs are defined as Soft Costs (e.g., everything except Construction).
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TOTAL PROJECT COST	\$4,958,408	\$4,958,408	\$206,600	Total Cost are based on traditional stick built approach to development with a commercial
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GAP **\$92**

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Project Name:

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Date:

7/25/2016

HOUSING OPERATING BUDGET - INCOME

Project Name: **Cannon Beach RV Lot Option #1** 7/25/2016

Inflation Factor **2.00%**

YEARS

select from drop down

Unit Size	Unit Type (BDR /MGR)	# of Baths	Square Feet / Unit	Target Max Median Income %	Gross Monthly Program Rent Per Unit	Utility Allowance (N/A)	Net Monthly Rent Per Unit	# of Units	YEARS										
									1	2	3	4	5	9	10	15	20	30	
2	BDR	1.0	850	100%	\$1,200	-	\$0	= 1,200 X 12	8	\$115,200	\$117,504	\$119,854	\$122,251	\$124,696	\$134,975	\$137,675	\$152,004	\$167,825	\$204,577
3	BDR	2.0	950	100%	\$1,400	-	\$0	= 1,400 X 12	16	\$268,800	\$274,176	\$279,660	\$285,253	\$290,958	\$314,942	\$321,241	\$354,676	\$391,591	\$477,347

Total Residential Square Feet
23,200

SUB-TOTALS	24	\$384,000	\$391,680	\$399,514	\$407,504	\$415,654	\$449,917	\$458,916	\$506,680	\$559,415	\$681,924
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Total Annual Income

Other Revenue:										
Laundry	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Garage/Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deposits on Turnover	\$1,250	\$1,275	\$1,301	\$1,327	\$1,353	\$1,465	\$1,494	\$1,649	\$1,821	\$2,220
Cable TV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Income	\$250	\$255	\$260	\$265	\$271	\$293	\$299	\$330	\$364	\$444
Application Fees	\$250	\$255	\$260	\$265	\$271	\$293	\$299	\$330	\$364	\$444
W/D rental	\$10,080	\$10,282	\$10,487	\$10,697	\$10,911	\$11,810	\$12,047	\$13,300	\$14,685	\$17,901
Other: Water	\$14,400	\$14,688	\$14,982	\$15,281	\$15,587	\$16,872	\$17,209	\$19,000	\$20,978	\$25,572

SUB-TOTAL OTHER REVI	\$26,230	\$26,755	\$27,290	\$27,835	\$28,392	\$30,733	\$31,347	\$34,610	\$38,212	\$46,580
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Gross Income:	\$410,230	\$418,435	\$426,803	\$435,339	\$444,046	\$480,650	\$490,263	\$541,290	\$597,628	\$728,505
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Less Vacancy Rate 3%	(\$12,307)	(\$12,553)	(\$12,804)	(\$13,060)	(\$13,321)	(\$14,419)	(\$14,708)	(\$16,239)	(\$17,929)	(\$21,855)
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Effective Gross Income:	\$397,923	\$405,882	\$413,999	\$422,279	\$430,725	\$466,230	\$475,555	\$525,051	\$579,699	\$706,650
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HOUSING OPERATING BUDGET - EXPENSES

Project Name: **Cannon Beach RV Lot Option #1** Date: **7/25/2016**
 Pro Forma Type: **Initial Analysis**

Expense Inflation Rate: **3.00%**

Annual Operating Expenses	Annual per Unit	1	2	3	4	5	10	11	15	20	25	30
Insurance	\$250	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753	\$7,829	\$8,063	\$9,076	\$10,521	\$12,197	\$14,139
Utilities:(common areas)												
Electric (Common lights, etc)	\$104	\$ 2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$3,262	\$3,360	\$3,781	\$4,384	\$5,082	\$5,891
Water & Sewer	\$938	\$ 22,500	\$23,175	\$23,870	\$24,586	\$25,324	\$29,357	\$30,238	\$34,033	\$39,454	\$45,738	\$53,023
Garbage Removal	\$500	\$ 12,000	\$12,360	\$12,731	\$13,113	\$13,506	\$15,657	\$16,127	\$18,151	\$21,042	\$24,394	\$28,279
Repairs & Maintenance	\$250	\$ 6,000	\$6,180	\$6,365	\$6,556	\$6,753	\$7,829	\$8,063	\$9,076	\$10,521	\$12,197	\$14,139
Landscape Maintenance	\$150	\$ 3,600	\$3,708	\$3,819	\$3,934	\$4,052	\$4,697	\$4,838	\$5,445	\$6,313	\$7,318	\$8,484
Replacement Reserve	\$313	\$ 7,500	\$7,725	\$7,957	\$8,195	\$8,441	\$9,786	\$10,079	\$11,344	\$13,151	\$15,246	\$17,674
Property Management:												
On-site	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contracted (Off-Site)	\$1,000	\$24,000	\$24,720	\$25,462	\$26,225	\$27,012	\$31,315	\$32,254	\$36,302	\$42,084	\$48,787	\$56,558
Professional Services:												
Legal	\$50	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351	\$1,566	\$1,613	\$1,815	\$2,104	\$2,439	\$2,828
Accounting/Auditing	\$146	\$3,500	\$3,605	\$3,713	\$3,825	\$3,939	\$4,567	\$4,704	\$5,294	\$6,137	\$7,115	\$8,248
Compliance Monitoring Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Office & Administration	\$35	\$850	\$876	\$902	\$929	\$957	\$1,109	\$1,142	\$1,286	\$1,490	\$1,728	\$2,003
Advertising/Marketing & Promotion	\$35	\$850	\$876	\$902	\$929	\$957	\$1,109	\$1,142	\$1,286	\$1,490	\$1,728	\$2,003
Unit Turnover	\$167	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502	\$5,219	\$5,376	\$6,050	\$7,014	\$8,131	\$9,426
Real Estate Taxes -- Estimated	\$1,200	\$28,800	\$29,664	\$30,554	\$31,471	\$32,415	\$37,577	\$38,705	\$43,563	\$50,501	\$58,544	\$67,869
Total Annual Operating Expenses:	\$5,138	\$123,300	\$126,999	\$130,809	\$134,733	\$138,775	\$160,879	\$165,705	\$186,502	\$216,207	\$250,644	\$290,565

Less Debt Service:

Term Loan (likely with 10, 15 or 20 year call)												
Amortization												
Rate	(Years)	Loan Amount										
4.05%	35	\$4,000,000	\$8,916	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974

Rate and Amortization based on current quote from Community Based Lender; amortization and rate are aggressive but current. No interest rate risk is included in analysis.

	Annual per Unit	1	2	3	4	5	10	11	15	20	25	30
<i>Effective Gross Income:</i>	\$16,580	\$397,923	\$405,882	\$413,999	\$422,279	\$430,725	\$475,555	\$485,066	\$525,051	\$579,699	\$640,034	\$706,650
<i>Total Annual Operating Expenses:</i>	\$5,138	\$123,300	\$126,999	\$130,809	\$134,733	\$138,775	\$160,879	\$165,705	\$186,502	\$216,207	\$250,644	\$290,565
<i>Net Operating Income:</i>	\$11,443	\$274,623	\$278,883	\$283,190	\$287,546	\$291,950	\$314,676	\$319,361	\$338,549	\$363,492	\$389,391	\$416,085
<i>Primary Debt Service</i>	\$8,916	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974
<i>Total Debt Service</i>	\$8,916	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974	\$213,974
Cash Flow Per Year Primary:	\$2,527	\$60,649	\$64,909	\$69,216	\$73,572	\$77,976	\$100,703	\$105,387	\$124,575	\$149,518	\$175,417	\$202,111
Cash Flow Per Year Total:	\$2,527	\$60,649	\$64,909	\$69,216	\$73,572	\$77,976	\$100,703	\$105,387	\$124,575	\$149,518	\$175,417	\$202,111
<i>Primary Debt Coverage Ratio</i>	1.28	1.28	1.30	1.32	1.34	1.36	1.47	1.49	1.58	1.70	1.82	1.94
<i>Total Debt Coverage Ratio</i>	1.28	1.28	1.30	1.32	1.34	1.36	1.47	1.49	1.58	1.70	1.82	1.94

Return to Owners	Annual return on investment											
\$ 958,500	\$60,649	\$64,909	\$69,216	\$73,572	\$77,976	\$100,703	\$105,387	\$124,575	\$149,518	\$175,417	\$202,111	
	6%	7%	7%	8%	8%	11%	11%	13%	16%	18%	21%	